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Office Memorandum • UNITED STATES GOVERNMENT

TO : Assistant Director for Research and Reports DATE: 20 October 1951

FROM : [REDACTED] 25X1A9A

25X1 SUBJECT: [REDACTED]

25X1 1. Comments [REDACTED] on your paper are unnecessary since the question is merely: Who can split hairs most finely.

2. The question of State's role in economic intelligence boils down to a matter of relative emphasis. State should maintain a crew to supply minor requests for current economic intelligence initiated solely in the State Department. However, we would be relieved only insofar as State consequently reduced its requests for IAC estimates on these matters or, at a minimum, agreed to service all such IAC estimates initiated by State. We would still have to service all other requests unless State get quite deeply into the economic intelligence business. I see no gain through that type of reshuffling of jobs. Similar reasoning applies to regional and certain functional coverage. Our position is that we concentrate on economic intelligence relating to national security. Such concentration means that we are by no means limited in area coverage but we are obviously quite limited in functional interests. The point is that we have no call to provide comprehensive economic intelligence on all regions of the world. For coverage beyond those aspects of an economy most obviously related to national security, which coverage is needed by State and by us as essential background information, State might be the logical place to center responsibility. The primary exception of comprehensive coverage on our part is the USSR and possibly some of the Satellites; this obviously because we must cover everything to get anything. For other regions, State or ECA should probably be the primary authority. We should maintain a small number of analysts to keep on top of regional research but should (need to) do little basic work ourselves. The same reasoning applies to "certain specific functional areas," such functional areas and regions (where applicable) to be the residual after excluding those required by most likely problems of national security. *State's coming*

25X1 3. In general, [REDACTED] for meeting of minds and discussion of problems strikes me as quite reasonable and deserves a follow through on our part.

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[REDACTED]

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SECURITY INFORMATION

For AD/RR

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[REDACTED]

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1. I concur in principle with [REDACTED] Par. 3, that [REDACTED] suggestion for discussion is reasonable. You will remember I reported that the question of responsibility for production of economic intelligence was raised by Mr. Dulles [REDACTED]

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[REDACTED] they both indicated they thought this question must be handled in the not too distant future. I believe an effort toward resolution might well start with discussion with [REDACTED]

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2. I doubt whether relevance to national security will ever provide clear criteria for jurisdictional decisions, though such considerations may be in the minds of those who set up criteria on regional or functional bases. With this proviso, I would go along with [REDACTED] paragraph 2, which, if I understand correctly, suggests that CIA have principle responsibility for comprehensive economic intelligence on Soviet (including Satellite) areas, and State for other areas. I have no guess as to whether this would be acceptable to State.

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3. I believe [REDACTED] comment is worth noting. The problem may be trivial, possibly largely one of semantics, but small grains of sand sometimes wreck a machine. I should myself have written the paragraph under A. 4, [REDACTED] more as follows:

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"Economic intelligence can help in estimating the relative effectiveness of all possible such measures, and in forecasting the enemy's probable reaction to them"

It is

true that State's influence has gone down while CIA's has gone up since four years ago when we had to be so careful never even to seem to make explicitly a policy suggestion or recommendation; State now can't afford to get "uppity" over the wording of our reports, and they probably know it. Continued care in this regard, however, will in my opinion do no harm to the effectiveness of CIA statements and may do some good to relations.

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[REDACTED]

JAN 18 1952
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Office Memorandum • UNITED STATES GOVERNMENT

TO :

DATE:

FROM :

SUBJECT: Conversations Relating to State Department-CIA Handling of Economic Intelligence

1. Proposed points of agreement.

a. State Department ^{primary} ~~preliminary~~ responsibility for current and operational economic intelligence in the non-Soviet Orbit.

b. State Department responsible for political intelligence including the Soviet Orbit. (Emphasis should be given to research in sociological factors, and should include political systems. This might well include research on the Soviet control of international communism and covert activities among non-Soviet Orbit political leaders.)

c. ORR to produce ^{current & basic} economic intelligence on the Soviet Orbit.

d. ORR to produce economic intelligence ^{research} on other areas concerning national security problems. (*Especially relations East-West*).

Summary

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